KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2016/2017

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF MASTER IN PUBLIC POLICY AND ADMINISTRATION

APP 806: PUBLIC FINANCE AND ACCOUNTING

DATE: Monday, 8th May 2017 **TIME:5.30p.m-8.30p.m**

INSRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

TIME: 3 HOURS

QUESTION ONE

a)Some scholars have raised concerns over the apparent mismatch between taxation policy and economic agenda of certain countries ,where increased tax revenues did not necessarily translate into higher standards of living for the citizenry.

Required:

i)Explain four factors that could have contributed to the above scenarios (4 marks)

ii)Explain four canons or principles of taxation (8 marks)

b)The following information was extracted from ministry of Walimu na Wafugaji for the fiscal year ended 30 June 2015

	Shs. '000'
Cash and cash equivalents	11,250
Recievabies	3,000
Accumulated surplus as at July 2014	7, 500
Reserves	27,000
Inventories	1,500
Transfers from exchequer	37, 500
Fees, fines and licenses	7,500
Foreign exchange gains	1,500
Other revenues	9,000

Transfers from other ministries	750
Payables	7,500
Property, plant and equipments	60,000
Wages and salaries	15, 000
Transfers to other ministries	7,500
Supplies and consumables	18,000
Other expenses	6, 000
Finance costs	1,500
Long term borrowings	15,000
Liability for long term benefits	3,000
Accruals	7,500

Required:

i)Statement of financial performance for the year ended 30 June 2015 (9 marks)

ii)Statement of financial position as at 30 June 2015. (9 marks)

(Total 30 MARKS)

QUESTION TWO

a)With reference to the operations of the Public Investment Committee(PIC) in your country:

i)Describe three functions of the PIC. (3 MARKS)

II) Explain FOUR matters which PIC is specifically excluded from dealing with (4 marks)

b)Explain the following terms as used in public finance management

i)Vote head (2 marks)

ii) County linked corporations (2 marks)

iii) Appropriation in aid (2 marks)

iv) Consolidated fund (2 marks)

(Total 15 MARKS)

QUESTION THREE

a)The purpose of the Intergovernmental Budget and Economic Council (IBEC) is to provide a forum for consultation between national government and county governments on various issues. With reference to the above statement, summarize five issues for consultation between the national and county government as envisaged in the Public Finance Management Act

(10 MARKS)

b) List FIVE roles of Public Accounts Committee in the Kenya (5MARKS)

(Total : 15 Marks)

QUESTION FOUR

a) Describe the traditional role of the Central Bank and thereafter consider its role in a changing and liberalized economy(7 marks)

b) Describe the means which are available to the central bank for regulating the demand for, and the supply of money and credit.(8 marks)

(Total : 15 Marks)

QUESTION FIVE

i)Explain explain four principles of a good Budget (4 marks)

ii) Explain main stages in the budget process (8 marks)

iii) Discuss four responsibilities of the Senate Budget Committee with regard to public finance (8 marks)

Total : 15 MARKS)